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Analysis of Food Stamp and Medical Assistance Caseload Reductions in Milwaukee County: 1995-1999

by John Pawasarat, Employment and Training Institute, University Outreach, University of Wisconsin-Milwaukee, January 2000

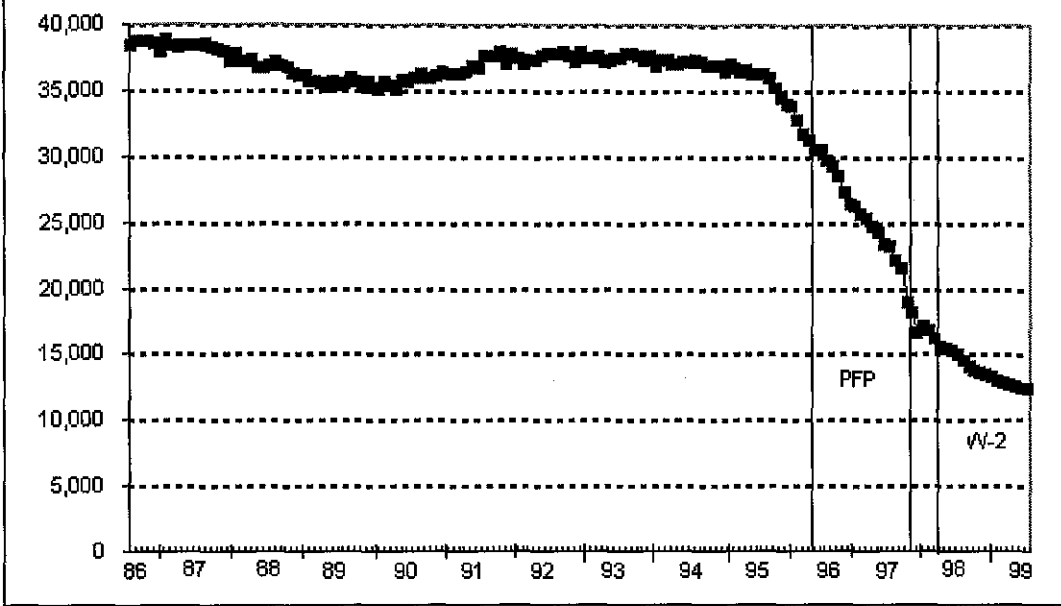
The report has been prepared for Milwaukee County to examine the changes in public assistance caseloads in the county for food stamps, medical assistance and AFDC cases. Published monthly caseload data and client caseload records for selected months are used to track caseload declines and to attempt to explain how the caseload has changed for both families and individuals since December 1995. A previous study was used to track earnings and public assistance for the December 1995 AFDC population through December 1996. This analysis did not use wage match data but does use selected monthly welfare files to track cases through September 1999. *Funding support for this study was provided in part by the Helen Bader Foundation.*

SUMMARY

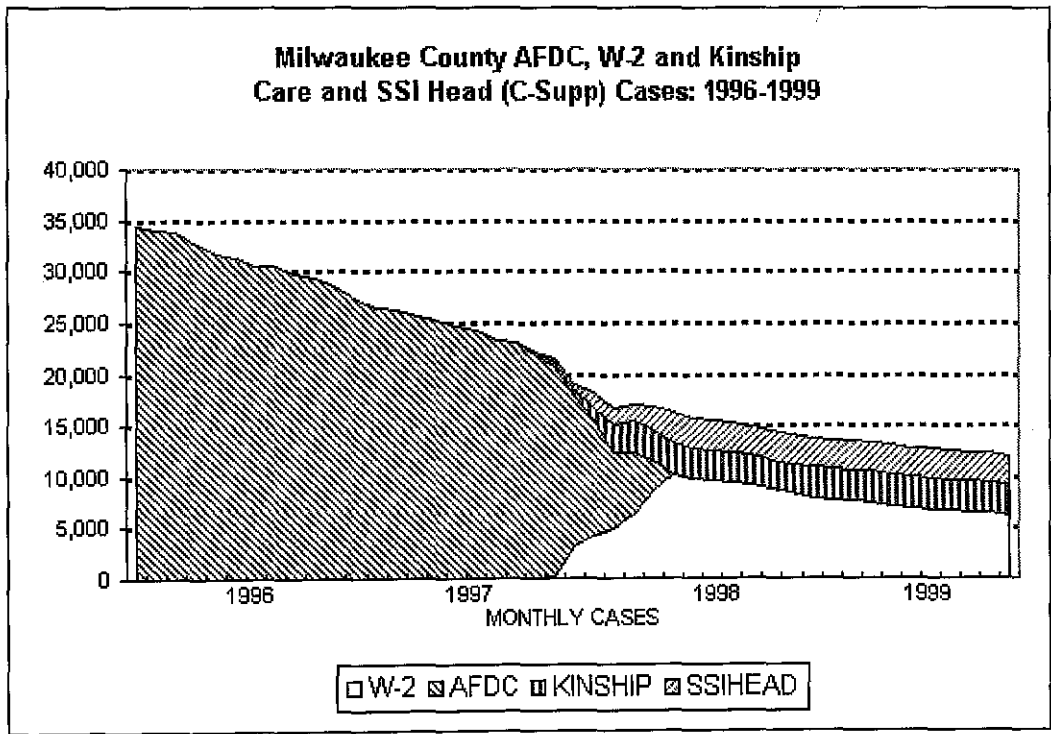
Caseload Declines Were Sharpest Prior to W-2

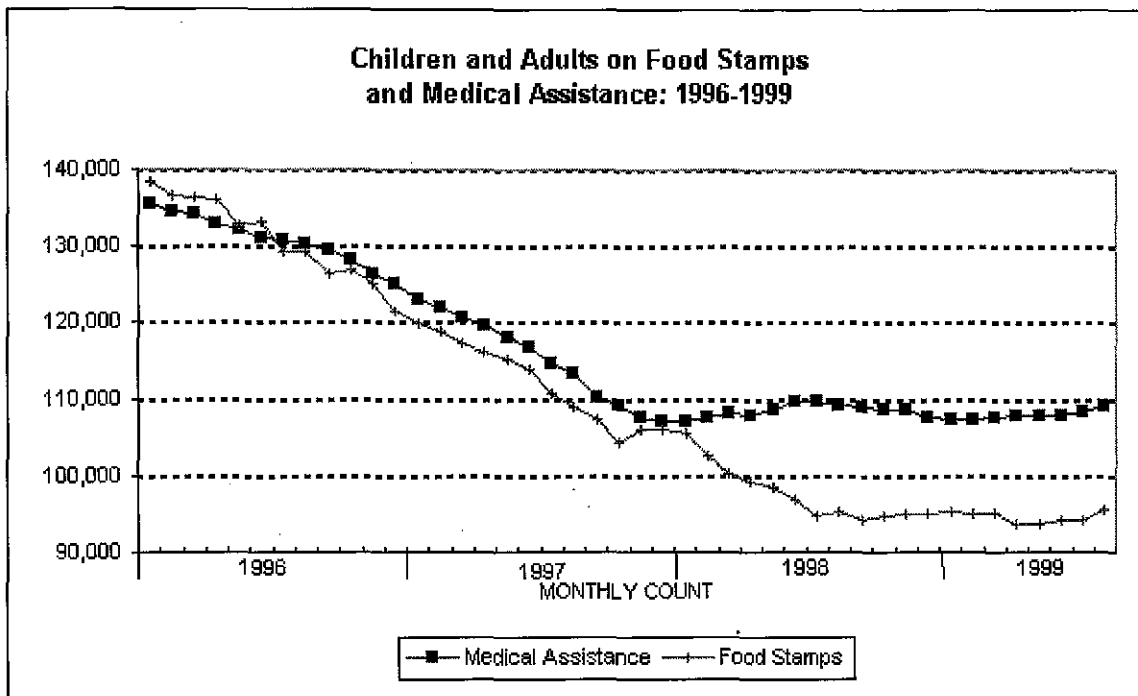
- Milwaukee County AFDC caseloads stayed at or above the 35,000 level for the period 1986 through 1995 during which time caseloads in the balance of the state dropped rapidly. During 1996 and 1997 the county's AFDC caseload began declining rapidly, dropping 41 percent to 21,844 by September 1997, attributable in large part to a heavily funded Pay for Performance initiative which placed unprecedented scrutiny and requirements on new and existing AFDC cases. Under W-2, cases continued to decline but at a lower rate than under Pay for Performance. As of September 1999, 6,051 families received a W-2 payment, 3,046 were in Kinship Care, and 2,837 received an SSI Caretaker Supplement payment.
- Most of the decline in food stamp and medical assistance caseloads took place prior to W-2 as well. Food stamp cases declined by 25 percent from December 1995 to October 1997, and medical assistance cases declined by 13 percent. The number of cases on both medical assistance and food stamp stabilized during W-2.
- The number of individuals with medical assistance coverage has declined at a sharper rate than the 13 percent decline in caseloads. From December 1995 to October 1997, the number of adults on medical assistance declined by 25 percent and the number of children by 17 percent.

**Milwaukee County AFDC/W2 Cases: 1986-99
(Incl. Kinship Care and SSI Caseheads)**



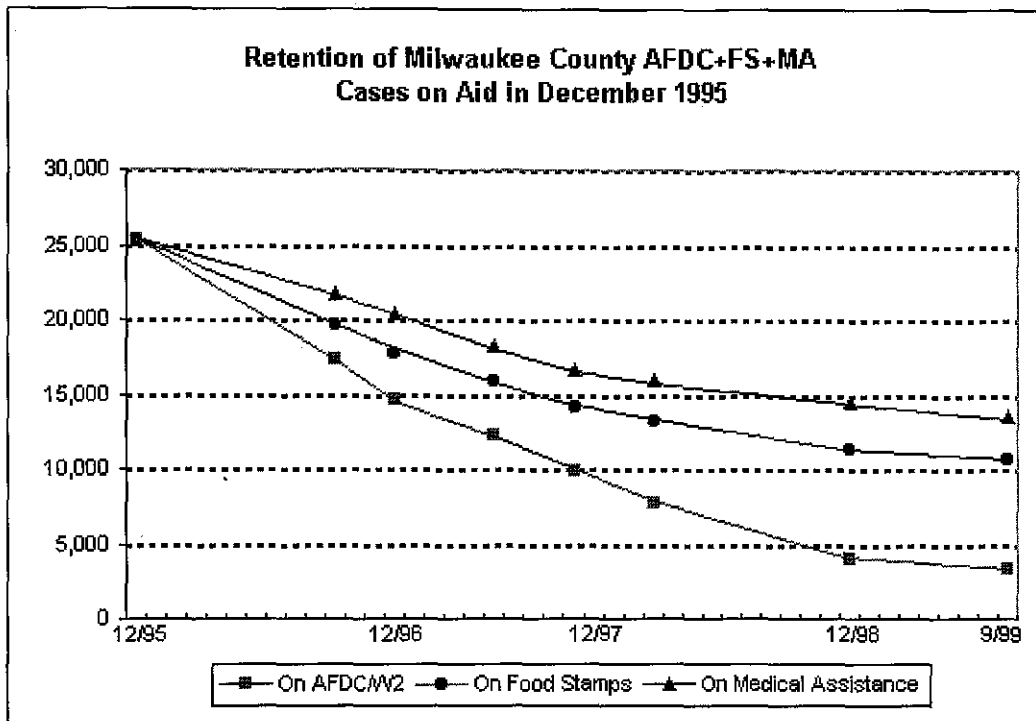
Milwaukee County AFDC, W-2 and Kinship Care and SSI Head (C-Supp) Cases: 1996-1999





Follow-up on the December 1995 Public Assistance Population

- By August 1999 only 13 percent of December 1995 AFDC cases expected to work received a W-2 payment while 42 percent remained on food stamps and 53 percent had at least one person on medical assistance. Much of the decline in AFDC/W-2 (42 percent) took place during Pay for Performance in 1996. By February 1998 just prior to the end of AFDC, only 7,676 cases, or 30 percent, received a W-2 or AFDC payment.
- Payments to families with special needs (Kinship care for families with relatives caring for the children of an absent parent, and SSI caseheads) showed less of a decline. By September 1999, 56 percent remained on food stamps and 62 percent remained on medical assistance.
- Food stamp cases with no dependent children showed the highest percent leaving assistance. Only 21 percent of cases expected to work remained on food stamps in September 1999 while 43 percent of the SSI/aged population were still receiving food stamps at the same point.



Public Assistance Status of Milwaukee County Residents

- Much of the Milwaukee County population, particularly in the central city, has been in the welfare system at some point. Using welfare files for the periods December 1995, December 1996, December 1998 and September 1999, a total of 305,910 Milwaukee County residents were found to be in a welfare case during one (or more) of the four months examined.
- Over 203,629 individuals were on medical assistance during at least one of the months examined. In September 1999, a total of 112,547 persons were on medical assistance and 91,082 were no longer on medical assistance.
- For the food stamp population, 200,311 individuals were on food stamps during the months examined. A total of 95,690 persons were on food stamps in September 1999 and 104,621 persons were no longer receiving food stamps.

The "Working Poor" and Public Assistance

- The food stamps income limit is 130 percent of poverty (or \$18,044 for a family of three and \$21,710 for a family of four). Despite the increasing number of families leaving AFDC, the number of working families receiving food stamps while increasing initially during 1996-1997 remains at about 9,000 cases, well below the estimated "working poor" population of 41,400 single and married parent families earning below 130 percent of poverty. Many of these families may be eligible for food stamps.
- For medical assistance, the number of employed cases qualifying for a one-year employment-related medical extension rose initially from 2,554 in December 1995 to 4,134 in December 1996, and then to 5,692 in December 1998 and down to 5,477 in September 1999. Any Medicaid case which leaves AFDC/W-2 for employment-related reasons remains eligible for

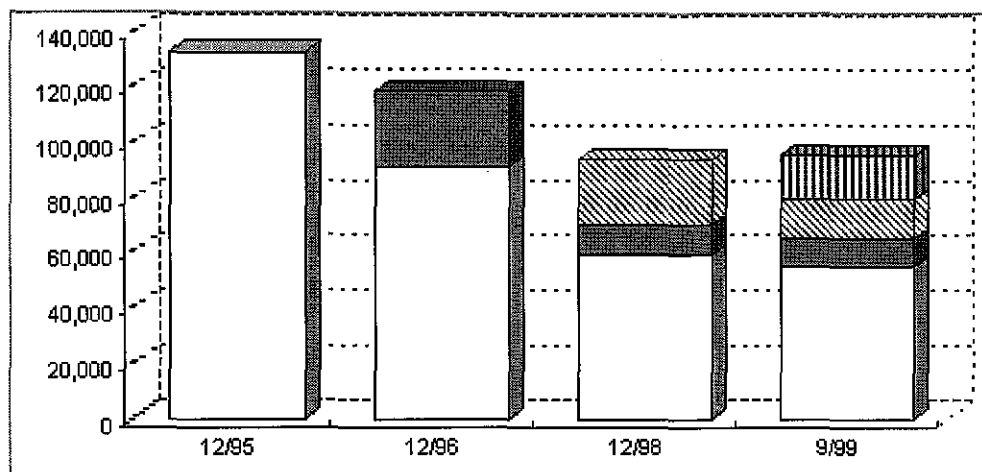
medical assistance for one additional year, yet few families take advantage of this coverage.

- Changes in state and federal legislation expanded the population eligible for medical assistance by raising allowable income limits and relaxing requirements in large part to accommodate the population leaving public assistance. Despite these changes the population with medical coverage has instead declined although not as much as the AFDC and food stamp caseloads. Over 100,000 Milwaukee County individuals from cases currently or formerly on MA are estimated eligible for medical coverage but are not covered.
- Additional numbers of "working poor" families not on public assistance may also be eligible for BadgerCare. State income tax returns for 1998 showed an estimated 59,270 families earning below 185 percent of poverty and potentially eligible for medical coverage if they are not covered by health insurance at their place of employment.
- While the Healthy Start and BadgerCare programs expand the potential number of families eligible for medical care by increasing the allowable income limit to 185 percent of poverty (\$30,895 for a family of four), few working families with income over 150 percent of poverty are enrolled in these programs.

Reasons for Declines in Food Stamps and Medical Assistance in Milwaukee County

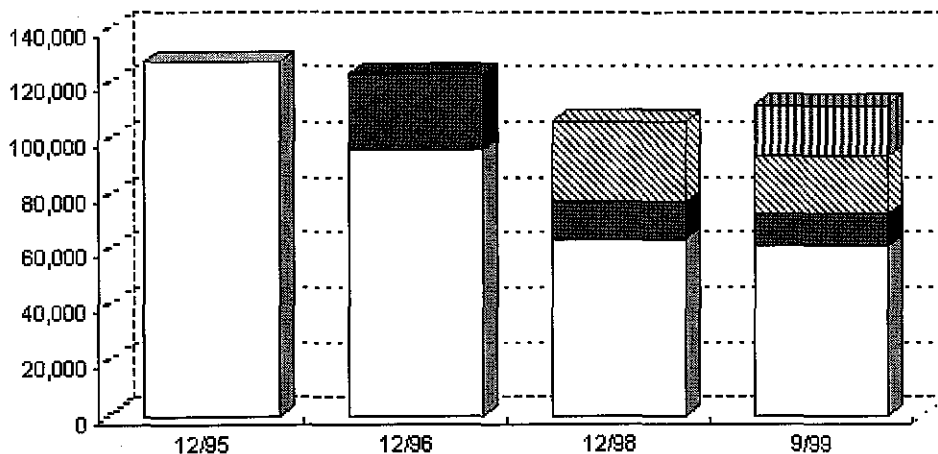
- Most of the declines in the food stamp and medical assistance population took place prior to W-2 and were directly related to the Pay for Performance initiative during 1996 and 1997 when applicants and many of the existing AFDC caseloads came under a heavily-funded administrative effort which included mandatory job search, "sum sufficient" child care, child support reporting and work requirements. For the first time sanctions and denials of aid applied to food stamps as well as AFDC.
- It is likely that many families leaving AFDC or food stamps did not understand that they remained financially eligible for medical assistance. The most common reason for closures and terminations in both medical assistance and food stamps was failure to report required financial or other changes to the caseworker. Failure to meet reporting requirements results in closure of all assistance groups. Many cases which closed appear to likely be eligible for medical assistance under Healthy Start and/or BadgerCare.
- Confusion about medical assistance and food stamp work regulations and the stigma of welfare may keep individuals from returning to or applying for MA or food stamps. A confusing multi-package medical assistance program requires many families to enroll in a combination of Healthy Start, Medicaid and BadgerCare all with different financial eligibility levels.
- The number of closures, terminations and denials continued at a constant monthly level despite rapidly declining caseloads. This resulted in fewer new cases, increased turnover and churning of existing cases, contributing to further ongoing declines.

**Retention and Addition of Persons on Food Stamps
in Milwaukee County: 12/95, 12/96, 12/98, 9/99**



□ 12/95 Population ■ New 12/96 ▨ New 12/98 ▩ New 9/99

**Retention and Addition of Persons on Medical Assistance
in Milwaukee County: 12/95, 12/96, 12/98, 9/99**



□ 12/95 Population ■ New 12/96 ▨ New 12/98 ▩ New 9/99

Policy Issues to Consider

The medical assistance and food stamp populations could be greatly increased to include more eligible uncovered individuals through the following policy initiatives:

- Use a simplified mail-in short form for food stamps only, medical assistance only, and child care which does not require individuals to go to the welfare office.
- Contract with agencies or businesses to assist individuals in completing the short form Medicaid

or the short form Food Stamp application.

- Review the medical assistance caseload in Healthy Start to identify families likely to also be eligible for food stamps.
- Match files of adults previously on AFDC/W-2/food stamps/medical assistance with the state wage file to identify those likely to be financially eligible for food stamps, medical assistance and child care subsidies with follow-up mailings to families informing them of their potential eligibility and options.
- Mail notices to all families receiving the Wisconsin Earned Income Tax Credit and not on medical assistance or food stamps informing them that their families may be eligible for either food stamps or medical assistance based on their adjusted gross income.
- Streamline the Medicaid application by raising income limits and eliminating the asset test and two-parent restrictions. These changes would eliminate the necessity for many families to go through complicated multi-package coverage under Medicaid, Healthy Start and BadgerCare, each with their own financial eligibility requirements.

In 1996 Wisconsin was given the opportunity to streamline Medicaid coverage and to increase access for families with higher income and asset levels but chose to retain the AFDC medicaid program eligibility levels. As a result, a complicated multi-package approach has evolved requiring families to enroll in a combination of Healthy Start, Medicaid and BadgerCare, thus introducing unnecessary confusion and administrative requirements and limiting families' access to medical assistance.

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I. Overview of Food Stamp, MA and Public Assistance Caseload Changes in Milwaukee County: 1996-1999

State of Wisconsin published reports on food stamps, medical assistance, AFDC and W-2 were used to track monthly changes in caseload, the numbers of recipients and expenditures for the period January 1996 through September 1999.

Declines in Numbers of Families Receiving AFDC and W-2 Income Support

The monthly AFDC caseload in Milwaukee County remained at or above 35,000 cases for the period 1986 - 1995. Changes in the AFDC eligibility determination process and work requirements under Pay for Performance were phased in during early 1996 and were responsible for much of the caseload reduction in both 1996 and 1997 prior to W-2. The number of cases began a sharp decline with a 21 percent reduction in AFDC caseloads during 1996 and a 22 percent reduction in the first nine months of 1997 before W-2 began to be phased in.

During the phase-out of AFDC, cases receiving AFDC payments for care of non-legally related children were moved to Kinship Care and caseheads on SSI were moved to Caretaker Supplement (C-Supp) status. By the end of 1997 the AFDC population consisted of 11,421 cases while W-2 payments were made to 4,069 cases, Kinship Care cases totaled 1,564, and an estimated 1,400 SSI caretaker cases received Caretaker Supplements.

The conversion to W-2 was phased in gradually beginning in October 1997 through April 1998. By April 1998 W-2 cases receiving income payments totalled 10,227 and AFDC payments were no longer made. One year later in April 1999, the number of W-2 cases with payments had declined by 33 percent to 6,876. By August 1999, the number of W-2 cases with payments had declined to 6,400 cases.

Fewer Food Stamp Cases

The decline in food stamp cases paralleled the AFDC caseload declines during Pay for Performance up until W-2 began, as many cases closing on AFDC closed on food stamps and medical assistance as well. In January 1996 there were 50,143 food stamp cases receiving \$8.9 million in monthly benefits. Cases declined during Pay for Performance to 37,594 and then stabilized at about 35,000 cases throughout much of 1998 and 1999 after the phase-in of W-2, with benefits at about \$6 million monthly.

Most of the decline in the total food stamp population consisted of a decrease in the number of children on both AFDC and food stamps. In January 1996, 73,559 children were on both AFDC and food stamps. This total declined by 42 percent to 42,320 in October 1997, just prior to W-2. Meanwhile the number of children on food stamps and not on AFDC increased 26 percent from 9,092 in January 1996 to 20,549 in October 1997 as some former AFDC recipients moved off AFDC but remained on food stamps. This resulted in a net decline in the number of children receiving food stamps from 82,651 in January 1996 to 62,869 in October 1997, or a 24 percent reduction. During the same period, the number of adults receiving food stamps and AFDC declined 53 percent from 35,149 in January 1996 to 18,737 in October 1997, while the number of adults on food stamps and not on AFDC increased, resulting in a net decline of 24 percent.

The number of Milwaukee County food stamp cases with reported earnings remained at about 10,000 cases throughout the 1996-1999 period. The average wages of cases with earnings rose 6 percent from \$879 in January 1996 to \$933 per month in August 1999.

Decline in Medical Assistance Cases

Declines in the AFDC and food stamp populations resulted in declines in medical assistance since eligibility for medical assistance was in most cases automatic if there were dependent children on food stamps or AFDC and case closures on AFDC often resulted in closure of the medical assistance group. Cases on medical assistance totaled 53,999 in January 1996 and declined 22 percent by August 1999. Almost all of the decline occurred during Pay for Performance prior to W-2, after which time the MA caseload stabilized at 47,000.

The number of children on medical assistance declined overall by 15,014 (or 17 percent) from 89,416 in January 1996 to 74,402 in August 1998. Notably, a three-fold increase in the Healthy Start program offset the larger 35 percent decline in children on medical assistance in cases which also received AFDC or food stamps as these cases moved from AFDC/medical assistance to Healthy Start where children were eligible. The population of adults on medical assistance declined 25 percent from 46,100 in January 1996 to 34,650 in August 1999 due primarily to reductions in the number of families in the AFDC and food stamp population.

II. The Decreasing Use of Food Stamps by the Working Poor

Historically, families on AFDC and food stamps were provided a considerable financial incentive for being employed while on assistance. Families were allowed to deduct a portion of their child care costs and to disregard up to one-third of their earned income in meeting eligibility requirements for AFDC and determining the AFDC grant level. As a result, many employed families could remain eligible for reduced AFDC payments and food stamp benefits and retain their medical assistance coverage. In 1996 an employed single parent with three children (with no unearned income or child care deductions) could earn as much as \$1,600 per month and still retain a food stamp allocation of under \$100 per month as well as medical assistance for herself and her children. If the parent had child care deductions, the family's food stamp allocation could increase to up to \$200 per month. By September 1999, the increased allowable wages under the food stamp formula permitted a 4-person family earning up to \$1,700 a month to claim under \$100 in food stamps and medical coverage (if the family had no child care deductions).

However, even with annual increases in allowable wages for food stamps, the number of two-parent working families receiving food stamps dropped from 1,710 in December 1996 to 1,241 in September 1999. Two-parent families made up 21 percent of working families receiving food stamps in December 1995 and only 15 percent of such families in September 1999. Of those two-parent working families on food stamps, an increasing percent were earning over \$1,300 per month and most of these families had medical assistance coverage.

The number of single parent working families on food stamps increased 30 percent during 1996 while the number earning over \$1,300 per month and showing medical assistance doubled. The number earning over \$1,300 and holding MA coverage more than doubled again by December 1998 and reached 1,302 in September 1999. After 1996 the total number of one-parent working families on food stamps declined, however, with a significant drop in the number of marginally employed families receiving food stamps.

Families Working and on Food Stamps

On Food Stamps	12/95	12/96	12/98	9/99
Total Working Families	7,675	9,583	9,268	8,551
2-Parent Working Families	1,629	1,710	1,419	1,241
With earnings over \$1,300 per month	349	401	488	461
With MA and earnings over \$1,300 per month	312	364	450	418
1-Parent Working Families	6,046	7,873	7,849	7,310
With earnings over \$1,300 per month	236	469	1,265	1,425
With MA and earnings over \$1,300 per month	218	428	1,118	1,302

Although state Department of Revenue records show high numbers of low-income single parent income tax filers in Milwaukee County, few new families entered the food stamp system. The initial increase in one-parent working families receiving food stamps resulted primarily from AFDC cases moving to food stamps and medical assistance only status, so much so that by September 1999, 83 percent of all families on food stamps with earned income had been on AFDC or W-2.

When Wisconsin Department of Revenue income tax records were examined for Milwaukee County for 1998, 34,675 one-parent families showed adjusted gross income under 130 percent of poverty, the food stamp income cutoff. Yet the December 1998 population of working one-parent families receiving food stamps was 7,589, or only 22 percent of the estimated "working poor" tax filers. The food stamp enrollment rate was similar for two-parent working families: 6,749 two-parent income tax filers with children reported adjusted gross income below 130 percent of poverty while 1,419 two-parent families (or 21 percent) were on food stamps. Not only are more families eligible for food stamps but many may be eligible for medical coverage and child care subsidies as well. By way of comparison, 87 percent of Milwaukee County single parent tax filers and 60 percent of two-parent filers earning under \$15,000 claimed the Earned Income Tax Credit for low-income working families with children.

III. Reasons for Declines in Food Stamp Cases

Most of the decline in the food stamp population during 1996 and 1997 occurred among families receiving both AFDC and food stamps. With the implementation of the state's Pay for Performance mandate which applied to both AFDC and food stamps, cases came under considerably more scrutiny for compliance with child support, income reporting and work requirements, particularly on the front end where new and returning applicants were required to complete job search prior to receiving assistance. The increasing scrutiny of both AFDC and food stamp cases together with "sum sufficient" child care likely contributed to much of the decline in cases already receiving AFDC and food stamps. The scrutiny increased the turnover of existing cases and at the same time reduced the number of families applying or reapplying for food stamps under Pay for Performance requirements.

High case turnover and reductions in the number of out-of-state applicants can be seen as contributing factors to food stamp case declines as well. In December 1995, 5,087 of 34,440 families on food stamps (or 15 percent) were on short-term (i.e., for less than 6 months). By February 1998, the number of short-term cases had risen to 6,017 of 24,873 families (24 percent). By September 1999, 8,024 of 23,080 families (35 percent) were on food stamps for less than 6 months in their current episode. The number of food stamp cases among recent state in-migrants likewise declined. In December 1995, 1,643 food stamp families reported moving into Wisconsin within the last 12 months. The number of in-migrants dropped down to 1,050 in December 1996, and down further to 707 in December 1998.

At the same time that the number of new food stamp cases declined, the number of case closures and

terminations remained fairly constant, resulting in an increasing percent of closures/denials/terminations which exacerbated the rate of decline and turnover. By October 1997, however, the Pay for Performance efforts had stopped as the welfare focus shifted to transferring AFDC cases to W-2.

Reasons for Closures, Terminations and Denials of Food Stamp Cases

Changes in a case's AFDC, food stamps or medical assistance status were detailed in the computer files with reason codes for each category of aid. The reasons for aid denials and terminations as well as the dollar amounts of AFDC and food stamp payments were analyzed here to assess the status of cases and then to determine longitudinally the reasons for subsequent caseload status.

The most common reason cited for the termination or closure of a food stamp case was for failure to comply with monthly income reporting requirements and/or eligibility reviews. The second most common reason was for case income exceeding the eligibility limit. Work program sanctions made up few of the closures or terminations recorded in December 1995 but then showed a marked increase during September 1996 and December 1996, reflecting Pay for Performance AFDC sanctions which automatically triggered food stamp sanctions. During the transition to W-2, food stamp sanction activity was again very low, until increases were seen during the implementation of FSET (the Food Stamp Employment and Training Program, which required 20-30 hours of work or FSET activities per week) during 1998 and 1999.

Reasons for Termination of Food Stamps Cases

Reasons for Termination	Cases in:					
	12/95	9/96	12/96	2/98	12/98	9/99
Failure to comply with monthly reporting, eligibility review or verification of information	1,791	1,417	1,459	2,146	1,458	1,586
Increase in income	780	547	686	484	666	662
Sanctions	64	707	454	79	419	498
Other	384	415	494	199	118	348
TOTAL	3,019	3,086	3,093	2,908	2,425	3,094

Reasons for Denial of Food Stamp Cases

Reasons for Denial	Cases in:					
	12/95	9/96	12/96	2/98	12/98	9/99
Failure to comply with monthly reporting, eligibility review or verification of information	1,045	419	645	539	495	559
Increase in income	613	503	501	524	560	737
Sanctions	26	73	168	34	186	102
Other	228	201	257	124	131	148
TOTAL	1,912	1,196	1,571	1,221	1,372	1,546

Reasons cited for denials of food stamp applications were mostly due to failure to provide required information and for cases exceeding the income limit. Despite declines in the overall food stamps population, the number of family applicants denied food stamps continued to increase gradually throughout 1997, 1998 and 1999. By September 1999, two-thirds of all food stamp denials were for

family cases, and one-third for individuals.

The Impact of Sanctioning on the Food Stamp Population

Sanctions for failure to cooperate with the child support enforcement or work requirements accounted for most sanctions applied to individuals on food stamps. These sanctions were applied to the individual and not the children in the household, resulting in a reduction of the food stamp amount or, in the case of one-person cases, the closing of the food stamp group.

Sanction policies for both AFDC and food stamp cases have changed over time. In December 1995, only 109 food stamp cases were sanctioned and almost all were AFDC cases where the children remained on both AFDC and food stamps. In that month 3,579 AFDC cases had a casehead sanctioned (likely for failure to cooperate with the child support or other requirement) and almost all of these cases were also on food stamps where they were not sanctioned.

By September 1996, the Pay for Performance initiative resulted in a considerable increase in sanctioning for food stamp cases as well as for AFDC cases: 706 food stamp cases were closed with a PFP sanction and 144 were closed for a food stamp work program violation. In addition, 334 food stamp cases were reduced to \$10 per month and another 467 non-sanctioned food stamp cases were placed on alien status where the children but not the adult received food stamp benefits. (Adult aliens can be excluded from the food stamp group while their children remain eligible for food stamp benefits.) Meanwhile in the AFDC program, PFP sanctions resulted in 2,195 AFDC cases closing or receiving no payment and in 1,669 cases with a reduced AFDC check. In addition, another 1,087 AFDC caseheads were sanctioned for failure to cooperate with child support enforcement, but most of these caseheads remained on food stamps.

As W-2 was being phased in, almost all food stamp sanctioning activity stopped when Pay for Performance ended. Case records showed only 179 sanctions in February 1998, then sanctions rising to 1,677 in December 1998, and to 1,455 in September 1999. The sanctions were attributable entirely to failure to meet FSET requirements and not to W-2 case sanctions. Under W-2, unlike PFP, sanctioning for W-2 reasons does not trigger a food stamp sanction.

The Food Stamp Employment and Training (FSET) Program has historically targeted the population of adults without dependent children, a population which also received general assistance in the past. Despite changes in the FSET legislation to include families with dependent children in the program, engagement of this population for mandatory FSET work activities does not appear to have occurred.

IV. Reasons for Declines in the Medical Assistance Caseload

Much of the decline in Medical Assistance was related to changes in AFDC work program policies instituted under Pay for Performance in 1996 and 1997. Many AFDC cases closed for non-employment related reasons and this resulted in the closing of MA for adults as well as for children. Some families leaving AFDC could retain MA eligibility for their children under Healthy Start but not for the adult(s). Under AFDC regulations, cases which closed for employment-related reasons (increased earnings or increased hours of employment) were given a year's extension for medical assistance coverage. In addition, families ineligible for AFDC could obtain medical assistance coverage for children and pregnant women under Healthy Start which provided MA benefits for pregnant mothers and children under age 6 in households with income up to 185 percent of the federal poverty level and for children ages 6 through 14 in households with income up to 100 percent of the poverty level.

Currently, there are several types of medical coverage packages and eligibility varies causing considerable confusion. These include Medicaid, MA extensions, MA deductible, Healthy Start and BadgerCare. Families increasingly need to blend combinations of medical coverage for various members of the household.

Healthy Start includes coverage for children under age six for a family of four with up to \$30,888 per year of income and has no limit on assets. A family of four may cover their children aged six to fourteen if their income is no greater than \$16,452 per year in income. By contrast, Medicaid has an income limit of \$9,864 annualized income for a family of four and an asset limit of \$1,000. In large part Healthy Start has been used when AFDC/Medicaid coverage lapses. Most Healthy Start cases in September 1999 were previously on AFDC-related Medicaid. Under Healthy Start pregnant mothers and younger children are covered but other adults and youth over age fourteen are not covered.

For those families over the allowable income limits for Medicaid, the MA deductible requirement provides an opportunity for all eligible members of the household (adults and children) to receive MA. Until the MA deductible is paid, however, only those children eligible for the Healthy Start retain MA coverage. As a consequence, in a growing number of cases the children have medical coverage through Healthy Start coverage but the adults are not covered.

The state's new BadgerCare program is designed to provide health care coverage for uninsured children and parents who do not qualify for MA or Healthy Start but who have income below 185 percent of the poverty level. BadgerCare is similar to Healthy Start as there is no asset limit and care is provided for income limits up to \$30,888 for a family of four.

Reviews of BadgerCare enrollees show that most of the cases in BadgerCare were already receiving MA for some other person in the household, with BadgerCare providing medical coverage for the balance of household members. BadgerCare is largely being used to cover individuals from families in AFDC-related Medicaid or not covered by Healthy Start. As MA cases come up for their regular review, BadgerCare is being used to cover medical costs not paid under the 100 percent federally-funded Medicaid and Healthy Start programs. As a result of Healthy Start funding for children in families with up to 185 percent of poverty, increasing use of BadgerCare is concentrated in the population of families with children in Healthy Start and not eligible for Medicaid. In some cases combining a family MA deductible and Healthy Start coverage may be less expensive for the state than using BadgerCare and Healthy Start. This combination also eliminates the family's required monthly premium payments under BadgerCare.

Unlike Healthy Start, BadgerCare covers all persons in the family regardless of age. There is a co-payment for income levels over 150 to 185 percent of poverty (or \$25,047 annualized income for a family of four), and once enrolled families can maintain coverage with income up to 200 percent of poverty with co-payment requirements increasing with the family's income. However, very few cases with income over 150 percent of poverty are enrolled in BadgerCare.

Reasons for Closures, Terminations and Denials of Medical Assistance

The largest number of medical assistance closures were cited as "person no longer eligible." Failure of the MA casehead to report required information (financial data, child support required reporting) was cited as the second most frequent reason listed for terminations and closures of MA for the months examined.

During the months examined, the number of MA closures and denials remained at a fairly constant level

even as MA cases in the system declined. The most common reason for denial of Medical Assistance was for applicants required to document payment of a required MA deductible ("spend down") calculated on the difference between federal income limits and the amount of income for the household. By September 1999, the number of MA groups with income above the limit and under the MA deductible requirement had increased to 2,174.

Reasons for Termination of Medical Assistance Where No One in the Cases Remains on MA

Reasons for Termination	Cases in:				
	12/95	9/96	12/96	6/97	9/99
Failure to comply with monthly reporting, eligibility review or verification of information	508	614	608	823	596
Increase in income	22	30	37	23	40
AFDC-related closure	542	496	431	0	0
Other - "person no longer eligible"	898	827	973	1,198	1,250
TOTAL	1,968	1,967	2,049	2,044	1,886

Reasons for Denial of Medical Assistance Where No One in the Case Remains on MA

Reasons for Denial	Cases in:				
	12/95	9/96	12/96	6/97	9/99
Failure to comply with monthly reporting, eligibility review or verification of data	495	447	483	433	344
Increase in income	269	257	310	269	289
AFDC-related closure	474	283	367	0	0
Eligible for MA after deductible in paid	1,219	1,006	1,196	1,320	2,174
Other	733	455	455	389	245
TOTAL	3,190	2,448	2,811	2,411	3,053

Status of Cases in September 1999

Most children and families covered under medical assistance in Milwaukee County in September 1999 were on Medicaid which has an income limit of \$772 per month or \$9,264 annualized for a family of four. Some 21,172 households were on Medicaid with an additional 6,163 given Medicaid extensions (including 5,477 for employment-related reasons).

Non-Medicaid cases on Healthy Start totaled 7,771 in September 1999 of which 1,286 also were in BadgerCare to cover the mother's medical. In another 6,058 of these cases the casehead was not on medical assistance and is likely eligible for BadgerCare as are 2,300 children in the cases without medical assistance.

Other cases and individuals were in the medical assistance deductible category which makes them eligible for medical assistance coverage after their deductible has been paid. This population included 3,851 cases that had 3,654 children and 4,252 adults in this status. These cases could choose to enroll in BadgerCare depending on the co-pay requirement, but few appeared to be electing BadgerCare as of September 1999 when only 177 cases moved from deductible to BadgerCare status.

V. Follow-Up of Cases Receiving Food Stamps in December 1995

The December 1995 population was tracked over time to assess subsequent AFDC/W-2, food stamp and medical assistance status for selected months through September 1999. Subgroups were also defined for 1) the AFDC population (not in group 3 below) receiving food stamps, 2) the population of families receiving only food stamps, 3) AFDC/FS special needs families (i.e., caseheads who were non-legally responsible relatives, NLRR, and SSI caseheads); 4) aged and disabled adults with no dependents, and 5) nondisabled adults under 55 years with no dependents.

AFDC/Food Stamp Cases

Only 13 percent of the 25,387 cases on both AFDC and food stamps in December 1995 received a W-2 payment by September 1999, while 42 percent remained on food stamps and 53 percent remained on medical assistance. Of 22,028 cases which had left AFDC/W-2/food stamps by September 1999, 70 percent showed some reported earnings some time during the subsequent periods examined and about half (46 percent) were off AFDC by December 1996. Twenty-eight percent of this group received a W-2 payment at some time.

Most of the attrition for families on AFDC/food stamps took place during Pay for Performance. (During 1996 there was a 42 percent decline in the December 1995 AFDC population. Sixty-one percent of December 1995 AFDC/food stamp cases remained off AFDC as of October 1997 and 87 percent had no W-2 payment in August 1999.) The rapid decline in AFDC cases in 1996 was paralleled by a 30 percent decline in food stamp cases and a 20 percent decline in medical assistance cases. During the first 10 months of 1997 an additional 15 percent of food stamps cases and 14 percent of medical assistance cases closed. After W-2 began, the decline in the number of December 1995 AFDC cases receiving food stamps slowed. By September 1999, 58 percent of the December 1995 AFDC/food stamps cases were off food stamps and 47 percent were off medical assistance.

Families Receiving Food Stamps and Not AFDC

Cases with dependent children who received food stamps but not AFDC in December 1995 showed even higher attrition rates. This population was much more likely to be employed, with 78 percent showing earnings in December 1995. Half of the cases (51 percent) were no longer on food stamps one year later and three-fourths (76 percent) were no longer on food stamps by September 1999. A fourth of these cases (27 percent) were on or returned to AFDC some time after December 1995, but only 3 percent received W-2 payments in August 1999.

Families with Special Needs

Families with special needs (i.e., NLRR cases and cases with SSI caseheads) showed lower declines in public assistance. Twenty percent of the special needs cases on aid in December 1995 were off food stamps and 15 percent were off medical assistance one year later. By September 1999 the special needs population showed 44 percent off food stamps and 38 percent off medical assistance.

Food Stamp Retention Rates for Cases on Food Stamps in December 1995

Other Aid Status 12/95	N =	Percent Off Food Stamps by:				
		12/96	10/97	2/98	12/98	9/99
On AFDC	25,387	30%	45%	48%	55%	58%
No AFDC, on MA	3,473	51%	66%	64%	74%	76%
Special Needs/AFDC	5,956	20%	31%	32%	41%	44%

Medical Assistance Retention Rates for Cases on Food Stamps and MA in December 1995

Other Aid Status 12/95	N =	Percent Off Medical Assistance by:				
		12/96	10/97	2/98	12/98	9/99
On AFDC	25,387	20%	34%	37%	43%	47%
No AFDC, on MA	3,105	33%	53%	56%	62%	64%
Special Needs/AFDC	5,845	15%	23%	25%	33%	38%

AFDC Retention Rates for Cases on Food Stamps and AFDC in December 1995

	N=	Percent Off AFDC/W-2 Payment by:				
		12/96	10/97	2/98	8/98	9/99
On AFDC 12/95	25,387	42%	61%	70%	79%	87%

December 1995 Food Stamp Cases with No Dependent Children

The food stamp population of adults with no eligible children was examined for December 1995 and tracked over time to assess changes in the caseload for two distinct groups:

1. The aged (55 years and above in December 1995) and those on SSI made up 7,675 food stamp cases, or 60 percent of the adult only population. Half of this population received \$10 per month as SSI cases. Most (69 percent) were women, and 98 percent had some other source of unearned income while only 2 percent showed an earned income source.
2. The population aged 54 and under and not on SSI consisted of 5,114 adult-only cases on food stamps in December 1995. This population was mostly male (60 percent), and most cases (70 percent) received the standard \$119 food stamp amount. This population in large part consisted of what would have been the general assistance group in the past. Some 47 percent showed a source of unearned income but only 6 percent showed a source of earned income.

Subsequent public assistance status was tracked for both groups. The aged/SSI population remained on food stamps over time at a much higher rate than the under 55/non-SSI group. By September 1999, 43 percent of the aged/SSI population was still on food stamps while only 21 percent of the under 55/non-SSI group remained on food stamps.

Retention Rates for Food Stamp Cases with No Dependent Children

	Non-SSI and Under Age 55	SSI or Age 55 and Above
Number of cases in 12/95	5,114	7,675
Still on Food Stamps 12/96	41%	73%
Still on Food Stamps 10/97	31%	56%
Still on Food Stamps 12/98	21%	47%
Still on Food Stamps 9/99	21%	43%

By September 1999, 4,053 cases (or 79 percent) under age 55 and not on SSI were no longer on food stamps and 96 percent were not on medical assistance. Of these cases only 23 percent reported earnings at any time during the periods examined.

VI. Analysis of Individuals Receiving Public Assistance in Milwaukee County

Welfare records were examined for 195,632 Milwaukee County children and adults in the public assistance system for the month of December 1995, prior to the state's Pay for Performance initiative, and also for 176,511 children and adults in the welfare system in September 1999 after implementation of W-2. Individual records were matched with the food stamp, medical assistance, AFDC and W-2 status of individuals and the household in which they resided. For the 13,000-15,000 individuals in more than one case for food stamps or medical assistance purposes each year, welfare status was consolidated into one unique record per person. Each period was then examined for children and adults separately.

Subsequent Status of Children in the December 1995 Public Assistance Files

In December 1995, a total of 104,821 Milwaukee County children were in the welfare system files, including 90,895 children receiving food stamps or medical assistance. Most of these children (78 percent) were also in AFDC cases and receiving MA and food stamp benefits as well. Of the remaining children, 7,784 were on food stamps and medical assistance (but not AFDC), 6,191 were on medical assistance only, and 881 were on food stamps only.

- Of the total 80,876 Milwaukee County children receiving food stamps in December 1995, 36,238 or 45 percent remained on food stamps in September 1999.
- Of 85,039 Milwaukee County children receiving medical assistance in December 1995, 52 percent remained on MA in September 1999. The children remaining on MA were in the following categories: regular MA (59 percent), Healthy Start (21 percent), medical extension (17 percent) and BadgerCare (2 percent).

Of the 41,072 children no longer on MA in September 1999, three-fourths had been in AFDC cases in December 1995 and 29,526 had been recipients of AFDC/food stamps/MA, while 4,484 had received food stamps/MA, and 4,659 had been in MA only cases.

- An additional 13,926 children were in the welfare system file in December 1995 but did not receive medical assistance or food stamps that month. Forty percent (5,575 children) were in an AFDC, food stamp or medical assistance cases but not on aid themselves. By September 1999, 4,534 of the children were residing in a food stamp or MA cases and 3,307 were direct recipients of either food stamps or MA.

Subsequent Status of Adults in the December 1995 Public Assistance Files

Milwaukee County adults on food stamps or medical assistance in December 1995 totaled 63,275. The majority (54 percent) were in AFDC cases, while 23 percent were in food stamp only cases, 16 percent in MA only cases, and 6 percent on food stamps and MA (but not AFDC).

- Of the total 43,161 adults on MA in December 1995, by September 1999, 62 percent were no longer on MA. The 16,354 adults remaining on MA in September 1999 were mostly from AFDC cases (72 percent of the total).
- For the 52,133 adults on food stamps in December 1995, most (64 percent) were no longer on food stamps in September 1999.
- Of 7,388 non-SSI "food stamp only" cases in December 1995, only 25 percent remained on food stamps in September 1999. At the same time 44 percent of the December 1995 SSI "food stamp only" cases remained on food stamps in September 1999.

Children in the September 1999 Public Assistance Files

In September 1999, 93,384 Milwaukee County children were in the welfare system, of which 80,898 were on food stamps, medical assistance or both.

- Children on both food stamps and medical assistance in September 1999 totalled 54,005. Most (42,616) were from a family in the welfare system in December 1995, and only 3,676 were in families new to the system since October 1997. The medical assistance status for most children (34,991) was regular MA, with another 9,683 on Healthy Start MA, 7,999 on a medical extension, and 423 on BadgerCare.
- A total of 21,395 children were on medical assistance but not food stamps in September 1999. The majority (12,978) were in families also in the welfare system in December 1995. The medical status of this group included 8,095 on Healthy Start MA, 6,851 on regular MA, 4,393 on medical extension, and 873 in BadgerCare.
- A total of the group of 5,498 children received food stamps but not MA in September 1999. Most (3,733 children) were in families on AFDC, food stamps and MA in December 1995, and 4,277 were in families receiving at least one of these three benefits in December 1995.

Adults in the September 1999 Public Assistance Files

The status of adults in the welfare system in September 1999 was analyzed by groups based on assistance status.

- Some 19,118 adults were on both food stamps and medical assistance. Most of these adults were in the welfare system in December 1995 (13,960) or were on welfare between December 1995 and October 1997 (2,468). About half of these adults were in AFDC cases in December 1995 (9,475), and 7,563 remained active in W-2 in September 1999.
- Another 17,069 adults receiving food stamps but not medical assistance in September 1999 were analyzed. Nearly half (7,910) were on SSI and 15,135 were in an active food stamp case on or before October 1997. Of this group 5,247 were in an AFDC case in December 1995, and 725 were in an active W-2 case in September 1999.

- The population of adults receiving MA but not food stamps totaled 18,029 in September 1999. Half (9,479) were in the December 1995 welfare system (6,610 were age 55 or over), and most (14,862) were in the welfare system some time prior to W-2.

Case Turnover and Fewer New Cases Reduce the Population on MA and Food Stamps

Persons in welfare cases in December 1995, December 1996, December 1998 and December 1999 were examined to assess changes in AFDC/W-2, food stamps and Medical Assistance coverage over time. A total of 305,910 individuals were in cases during the four periods examined (including 274,036 who received food stamps or MA at some time). Although the net decline in persons on MA from December 1995 (128,200) to September 1999 (112,547) was 15,653, turnover in the population during the four periods examined resulted in considerably more people losing their Medical Assistance coverage. For the four periods examined, 91,082 persons were on MA in December 1995, December 1996 or December 1998 who then lost their MA coverage by September 1999. For food stamps, the net decline was 28 percent; however, during the four periods examined, 104,624 persons lost food stamp coverage by September 1999. Most of the losses occurred prior to W-2 when the loss of AFDC benefits often triggered the loss of food stamps and Medical Assistance as well. During this pre-W-2 period, the decreasing number of "new" cases and individuals also helped reduce the overall population with coverage. In addition, if all new cases entering and exiting the system were considered (including activities in months not analyzed here), the number of persons losing coverage would be even higher.

An example of benefit turnovers can be seen by comparing the December 1995 and December 1996 MA and food stamp caseloads, when the 128,200 persons on MA in December 1995 declined to 96,476 in December 1996. The addition of 27,396 MA recipients (not on MA in December 1995) brought the MA total to 123,872 for December 1996. However, half of these "new" MA recipients were located in welfare cases active in December 1995 and only 13,414 appeared to be new persons in new cases. By December 1998 the MA population declined to 106,910 persons of which 64,129 had been on MA in December 1995, another 13,262 had been on MA in December 1996, 12,946 were from cases active but not on MA in December 1995 or December 1996, and the balance (16,573) appeared "new" during the two-year period. Nine months later in September 1999, 101,793 of 112,547 cases were found to be active prior to W-2, 7,797 were active in December 1998, and only 2,957 were new cases in the first nine months of 1999.

Persons remaining on MA account for much of the current MA population; 48,164 persons were on MA in all four periods examined since December 1995 and 21,255 were on MA three of four periods, most from former AFDC cases. Persons reentering or being added to cases account for the next largest share with few new cases entering the MA system.

Similarly, the food stamp population was examined for the periods December 1995, December 1996, December 1998 and September 1999. The overall decline in persons on food stamps was greater than the decline in persons on MA. The number of food stamp recipients declined from 133,099 persons in December 1995 to 95,690 in September 1999, a drop of 28 percent. Most of the decline took place during the period prior to W-2. The number of persons leaving food stamps by September 1999 who had been on food stamps some time during the prior three periods (December 1995, December 1996, December 1998) totaled 119,131, while the number leaving MA was 91,082.

The Potential Food Stamp and Medical Assistance-Eligible Population

Declines in the Medical Assistance and food stamp caseload are attributable in large part to the decline in families receiving AFDC. Prior research on the earnings of AFDC leavers in Milwaukee County

suggest that many may remain financially eligible for food stamps and Medical Assistance given their quarterly earnings. In the past, individuals signing up for AFDC were almost always eligible for MA and food stamps as well. Because of the similar MA eligibility requirements, many prior AFDC cases which lost all assistance may be eligible for MA, Healthy Start or BadgerCare. It is likely that many of the 119,131 Milwaukee County food stamp recipients and the 91,090 MA recipients who were on assistance in December 1995, December 1996 and December 1998 but are no longer on assistance may also be eligible for food stamps or MA (or both) -- particularly for MA due to the changes in income limits with the introduction of BadgerCare. One half of the 32,051 persons on MA and AFDC in December 1995 but not on in December 1996 also lost their medical coverage, although many of the children may have been eligible for Healthy Start.

Review of the current caseload on MA and food stamps has found many additional adults likely eligible for medical assistance under BadgerCare. As a result, much of BadgerCare activity has consisted of providing health care to individuals in families currently on public assistance where the child(ren) may be on MA but not the parent or other family member. Over 100,000 Milwaukee County individuals are estimated eligible for medical coverage but are not covered. These include at least three distinct groups:

- Those persons in families on medical assistance but not themselves covered include 11,040 individuals (including 9,344 adults) in cases with some Healthy Start participants, 11,766 individuals (including 8,361 adults) in cases with some person on Medicaid, and 7,974 persons in cases previously on medical assistance or still on food stamps (but not MA). These 30,780 persons (all non-SSI) may likely be eligible for BadgerCare if they are not covered by private insurance or Medicare.
- Those persons in cases no longer on medical assistance include 44,061 children and 26,567 adults who were on medical assistance in December 1995 or December 1996, mostly in former AFDC cases. These families may be part of an estimated 59,270 working families in state Department of Revenue records with income below 185 percent of poverty and likely eligible for medical assistance under the new BadgerCare rules which allow much higher income levels and no asset test, if they are not presently covered. Currently, almost no one is in the BadgerCare group with incomes between 150 and 185 percent of poverty.

Analysis of 1998 Department of Revenue tax returns for Milwaukee County also showed an estimated 41,400 families earning below 130 percent of poverty and likely eligible for food stamps.

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